



Report and Financial Statements for Erskine Hospital

(Company Registered Number SC174103) for the year ended 30 September 2021



CONTENTS

The Trustees present the Board of Trustees' report and financial statements for the year ended 30 September 2021.

Board of Trustee Report

Objectives and Activities 4

Performance and Achievements 6

Financial Review 8

Governance

Structure, Governance and Management 12

Financial Statements

Independent Auditor's Report 21

Statement of Financial Activities 24

Balance Sheet 25

Statement of Cash Flows 26

Notes to the Accounts 27





BOARD OF TRUSTEE REPORT

OBJECTIVES AND ACTIVITIES

Our vision is a Scotland where veterans and their families thrive. Our mission is to offer veterans their best possible future, through the best possible care & community support.

The Charity delivers care, accommodation and community services to veterans and their families from across Scotland.

The Charity has four strategic objectives:

- **Care:** Veterans and their spouses receive good quality, person centred care from when they leave the forces through to the end of their lives
- **Accommodation:** Veterans have a place to live when they leave the armed forces, for the longer term, and during their retirement.
- **Community:** Veterans suffering from loneliness or isolation have a place to go, where they can learn new skills, have new experiences, and enjoy a sense of camaraderie.
- **An effective and efficient organisation:** the Charity is recognised by supporters, beneficiaries, employees and other key stakeholders as an efficient and effective organisation, worthy of their trust and support.

Our services during the period included:

- **Care**
 - Residential care homes: one in Edinburgh, one in Glasgow and two within our Bishopton Veterans Village. These homes provide nursing, dementia and end-of-life care to veterans and their spouses across a total of 339 rooms and ensure that veterans and their spouses are provided with the best possible care during later life.
- **Accommodation**
 - Transitional Supported Accommodation for veterans who leave the military at relatively short notice and need more assistance to reintegrate productively back into civilian life, within 24 apartments located at our Bishopton Veterans Village.
 - 44 Family cottages and five Assisted Living Accommodation apartments for veterans and their families to live independent lives within our Bishopton Veterans Village;
 - Accommodation and support services for the Army Personnel Recovery Centre, The Army Personnel Recovery Centre supports service men and women to recover post service and its 16 room recovery facility is located within our Edinburgh Home.
- **Community**
 - The Erskine Reid Macewen Activity Centre (ERMAC), a veterans Activity Centre within the Bishopton Veterans village. ERMAC aims to enhance the quality of life and wellbeing of veterans in the community, providing the opportunity to engage with people who have shared experiences and history, learn new skills, explore their interests and access support services.

The Charity's values are:

- **Communication:** We communicate internally and externally, in a transparent, open manner that supports understanding and dialogue.
 - **Accountability:** We take appropriate accountability for our individual and collective actions and decisions. We aim to reduce unwarranted variation in care we provide – residents will experience the same compassionate, person centred care irrespective of which members of the team are on duty.
 - **Respect:** We respect our residents and those that visit our Homes, we respect each other as colleagues. We respect the resident's rights to choice and will support them with making choices.
 - **Empowerment:** Those who receive our care and support will feel empowered to make choices. We will provide accessible, transparent information to our beneficiaries about their rights and what they mean for their day to day lives. We will value, support, act upon and learn from what our beneficiaries say.
- These values apply to all of us – staff, Trustees, volunteers, people we support, families and carers and others that we work with – and are an integral part of our induction and training, our communications and working policies.





BOARD OF TRUSTEE REPORT

PERFORMANCE AND ACHIEVEMENTS

Our strategic objectives underpin all that we do. We review these objectives and our progress towards meeting them, as well as our internal and external operating environment, on a regular basis. Those reviews, as well as regular monitoring reports to the Board of Trustees, focus on the key projects which are designed to achieve our ambitions.

Care

We continued to reach a significant number of veterans and spouses with our care services, which operated at near to full capacity across the 339 rooms within our four residential care homes (occupancy 90.6% 19/20: 93%). Despite intermittent closures to new people moving in required by the Covid-19 regulations, we welcomed 165 residents into their new home during the period (19/20: 202).

We worked in collaborative partnership with the Care Inspectorate during the period, and as of the year end held quality ratings of “Good” or better across all of our care services.

We have continued to see significant and sustained changes to the way that we deliver safe and person centred care resulting from the Covid-19 pandemic. This has meant that during the year we have engaged in multiple activities as part of our unrelenting focus on safety and infection prevention and control, whilst maintaining residents at the centre of our actions. Our efforts have focused upon the essentials, including frequent hand washing combined with use of alcohol based hand rub and ensuring masks and other personal protective equipment is worn correctly when required.

Our activities team, who support our residents to live meaningful and fulfilling lives, have adapted to Covid-19 requirements, we were able to continue with 1-1 and small group activities within our homes during the year.

We were delighted to be able to welcome visitors back into our homes this year, implementing the Open with Care guidance to its fullest possible extent and witnessing and supporting the joyous re-union of families and residents.

Despite the Covid-19 pandemic we were able to continue the robust clinical and care governance operations which drive quality outcomes for our residents. Our internal Quality Improvement Team undertook seven quality improvement audits (19/20 11), and our Advanced Nurse Practitioners completed 323 reviews of psychotropic medications ensuring our residents receive the right medications for the right length of time.

Accommodation

We officially opened our Transitional Supported Accommodation within the Bishopton Veterans Village during May 2021, and welcomed our first tenants into their new home, and onto our programme of support which, through collaborative partnership with our other programmes and 3rd party organisations, is aimed at supporting their need to obtain permanent accommodation and employment.

Our Family cottages and Assisted Living Accommodation within the Bishopton Veterans Villages maintained near 100% occupancy levels, with 75 veterans and their families living independent lives within the Bishopton Veterans Village as of the year end.

Community

ERMAC grew the number of veterans it reached during the year with an average active membership of 113 members (19/20: 95). Since inception in January 2018, ERMAC has reached 212 veterans (19/20: 181) with life changing support and camaraderie. With the reopening of the centre during January 2021 for in person activities in accordance with Covid-19 guidelines, we have been able to return to pre-Covid-19 levels of support with average daily attendance during the period reaching 22 people per day.

We expanded the capacity and improved the accessibility of the ERMAC building based on the needs of members, with the addition of a new woodwork shop, model making space, and exercise area. This new capacity will enable us to reach more veterans and meet more of their needs during the coming years.

We were humbled to be among the five shortlisted nominees in the charities and non-profit category within the Covid Response Awards. This nomination recognised the successful adaptation of our service delivery model to members during the Covid-19 pandemic, where our support services were rapidly moved online during March 2020, in order to ensure that no member was left alone during the pandemic.

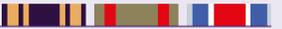
An effective and efficient organisation

This year saw several changes in Trustee and Executive Management team composition to support the design and delivery of the Charity’s strategy. The new Chair of the Charity brings considerable experience in strategic development and project management, whilst other Trustees were added with specific expertise in financial management and pension governance. Alongside these changes, the Director of Human Resources and Organisational Development and the Director of Strategic (Finance and Business) Planning both joined the Executive Management Team, adding depth to the Charity’s leadership in employee engagement, workforce and long term financial planning. These new Trustees and members of the Executive Management team have strengthened the Charity’s ability to design and implement an effective strategy which delivers social impact for Veterans.

We launched a new People and Organisational Development strategy, which adopts a people centred approach to managing employees at the Charity. The strategy contains a number of initiatives in support of the Charity attracting and retaining the people that we need to fulfil our mission.

In response to our 2020 staff survey, and to complement governance arrangements with our trade union partners, we launched the “Hear for You” steering group during May 2021. The “Hear for You” forum is comprised of a representative group of the Charity’s employees, which has the aim of ensuring the voice of front line staff is heard on the issues which impact them. The group has met regularly during the year and will be an invaluable resource in future organisational developments.

In response to our Health & Wellbeing survey at the end of 2020 we have launched the Mental Health Support service for employees. Across all of our services we now have 30 staff who are Mental Health First Aiders, who are equipped to provide first line support and signposting to colleagues.



BOARD OF TRUSTEE REPORT

FINANCIAL REVIEW

Overall, total funds increased by £5,845k (19/20: decrease of £4,545k) during the year. This was due to an operating deficit (deficit before net investment income, gains and losses) of £2,109k (19/20: £3,931k deficit) together with net income and gains on investments of £7,954k (19/20: £614k loss). The operating deficit was £2,138k less than planned, owing to legacy revenue and personnel spending both being favourable to budget. We are currently developing a long term financial plan to ensure the Charity's financial sustainability.

Income

The principal sources of revenue are those earned under the National Care Home Contract, fees from self-funding care home residents, legacies and fundraising activities. Our total income for the year was £27,476k (19/20: £24,570k), with recovery in voluntary donations and growth in care home revenues.

Voluntary income totalled £9,796k (19/20: £7,517k). Legacy income this year £5,303k (19/20: £2,755k – see note 5) with seven individuals leaving gifts of more than £200k (19/20: one individual). Non-legacy fundraising activities contributed £4,493k (19/20: £4,762k – see note 5) of gross revenue, with 41,265 unique donors giving during the period (19/20: 40,450). We achieved growth in campaign and cold appeal income, however this has not yet been able to offset the loss in community and events income as a result of the Covid-19 pandemic. Income from committed givers, continued to perform well, generating £2,759k (19/20: £2,828k), with 21,351 committed givers donating during the year (19/20: 20,629).

Our care and accommodation services generated revenue of £16,604k (19/20: £15,774k), which principally related to our care home services. The increase reflects revised NCHC and self-funding rates charged to Local authorities and residents respectively, combined with non-recurring revenue received from the Scottish Government in respect of the Coronavirus health and social care partnership bonus, which we paid to Staff during March 2021. Occupancy within our care homes averaged 90.6% (19/20: 93%) which was significantly lower than historical levels. We continued to receive sustainability payments (£574k, 19/20: £499k) from Local authorities to help towards the cost of vacant rooms driven by the Covid-19 pandemic.

The net effect of realised and unrealised movements on our charity's investments was a gain of £7,066k (19/20: loss of £1,772k), and £1,000k of funds were drawn down to fund the planned operating deficit and working capital movements (see note 17 and the 'Investment policy' paragraph below). The gain in investments was principally due to a recovery in global share prices following the onset of the Covid-19.

Expenditure

Total expenditure was £28,697k (19/20: £27,343k), including £25,672k (19/20: £24,622k) on charitable activities supporting the key objectives of the charity, and £2,904k (19/20: £2,630k), on raising funds. The increase in expenditure on charitable activities was driven principally by a 3% cost of living increase awarded to our people effective 1 October 2020.

We continue to operate a subsidy model across our services which required £9,068k (19/20: £8,848k) of donations during the period to fund the difference between our charitable expenditure (£25,672k, 19/20: £24,622k) and the income we receive from local authorities and service users (£16,604k, 19/20: £15,774k). In respect of our residential care home services, we spent an average of £1,542 (19/20: £1,441) per resident per week, whilst bringing in earned revenue from the National Care Home Contract and self-funders of £945 (19/20: £895) per resident per week. The shortfall of £597 (19/20: £546) per resident per week, is funded through our generous donors.

Expenditure on raising funds increased as we invested in the capacity of our fundraising team. For every £1 spent on raising funds we raised £3.37 of revenue towards our charitable mission during the year (19/20: £2.86), a considerable improvement driven principally by the recovery of legacy fundraising performance.

Plans for future periods

Owing to care expenditure continuing to rise faster than our fundraising revenue, we expect an operating deficit (before investment net income, gains & losses) of £3,777k during the year ending 21/22, which will be funded from our reserves. We are currently developing a long term financial plan which will support our charitable aims, whilst ensuring the organisation has a sustainable financial future.

Balance sheet

The balance sheet shows total funds of £86,888k (19/20: £81,043k). Included in total funds is an amount of £531k (19/20: £653k) which is restricted. These monies have either been raised for, and their use restricted to, specific purposes, or they comprise donations subject to donor-imposed conditions. Full details of these restricted funds are in note 20 to the financial statements, together with an analysis of movements in the year. Unrestricted funds of the charity at 30 September 2021 amounted to £86,357k (19/20: £80,390k) of which £23,512k (19/20: £28,168k) have been designated for particular purposes as per our reserves policy and £37,028k (19/20: £37,503k) relate to tangible fixed assets.

Going concern

Given the Charity's liquid reserves and future financial plans, the Trustees are of the view that the Charity is a going concern as there are adequate resources available to fund the charity's activities for the foreseeable future. The assessment, as detailed in note 2, takes account of the ongoing impact of the Covid-19 pandemic on the future operations of the charity, its beneficiaries, partners and stakeholders.

Investment policy

The charity has a portfolio of listed investments with a market value at 30 September 2021 of £46,012k (30 September 2020: £39,948k). £1,000k (19/20: £2,500k) was drawn down from investments during the year to fund the Charity's activities.

There are no restrictions on the charity's power to invest. However, we have made a policy decision not to invest in tobacco-related stocks and to require that our investment manager operates environmental, social and governance screening practices as an integral part of investment selection and management. The investment strategy is set by the Trustees and takes into account income requirements and the investment managers' view of market prospects. The long term investment objective of the Charity is to achieve protection against inflation whilst generating returns for our charitable purposes. We achieve this through holding a diversified portfolio of assets, while maintaining a prudent and balanced investment strategy. Against this aim the investment portfolio performed satisfactorily during the period. The policy also determines that the Charity holds funds equivalent to short term cash needs into a lower risk pool to protect project funding from fluctuations in the equity markets. The Finance and Performance Committee and the investment sub-group meets regularly with the investment managers, Brewin Dolphin, to review the performance of the portfolio and the investment strategy.



BOARD OF TRUSTEE REPORT

FINANCIAL REVIEW (CONTINUED)

	£000
Liquid reserves	
Cash and short term deposits	1,426
Liquid investments	46,012
Total liquid assets	47,438

	£000
Restricted and designated funds	
Restricted funds	531
Revaluation reserve	124
Capital and maintenance projects	436
Lifecycle costs	2,179
Care home deficit	13,801
Accrued donations and legacies	3,772
COVID-19	1,200
Strategic ventures	2,000
Total to be covered by liquid reserves under the reserves policy	24,043
Variance against policy	23,395

Details of the movement in designated funds is provided in note 20.

Reserves policy

The Charity is largely dependent upon donor funding to finance its deficit on charitable activities income. Donor income is subject to fluctuations from year to year. As a result, the Trustees believe that the Charity should hold reserves to provide protection against such fluctuations and enable us to continue operating in all circumstances and following all eventualities, including, inter alia, any significant fall in income from whatever source.

The Trustees reviewed the existing reserves policy and concluded that a liquidity based policy is appropriate, whereby our reserves policy is that the Charity should keep in investments and cash enough funds to cover:

- Restricted funds
- Revaluation reserve
- Designated funds for current capital and maintenance projects and five years' anticipated property lifecycle costs
- Designated funds for net cash flow for the anticipated care home deficit over the period of a median resident stay, currently 1.4 years, as a guarantee of high quality nursing care and services provision during that period.
- Accrued donations and legacies until the cash is received and available for use by the Charity
- Unforeseen incremental losses relating to the ongoing COVID-19 pandemic
- Investments in new ventures in support of the Charity's strategy.

Defined benefit pension scheme

The defined benefit pension scheme was closed to future accrual on 1 August 2010.

As at 30 September 2021 there is a scheme surplus of £2,026k (19/20: £1,132k scheme surplus). Details of the assumptions used in reaching this valuation are set out in note 19. Under FRS102, the scheme surplus is only recognisable on the balance sheet to the extent that the Charity can recover the surplus through reduced contributions in future or through refunds from the Scheme. Under FRS102 it is not possible to recognise this surplus as the scheme is closed to future accrual and a refund has not been agreed by the Trustees of the Scheme at the balance sheet date. As such a surplus is not recorded within these financial statements.

The present value of the scheme liabilities has been estimated by rolling forward the results of the 5 April 2021 triennial actuarial valuation. Last year's results were based on a roll forward of the 5 April 2018 actuarial valuation. The decrease in the Scheme's liabilities since last year is due to an increase in corporate bond yields on which the discount rate is based and allowing for updated member experience following the completion of the 5 April 2021 triennial actuarial valuation. This has been partially offset by an increase in assumed future inflation expectations, a small increase in assumed future life expectancy and additional liabilities being recognised as a result of a further High Court ruling in 2020.

Guaranteed minimum pension equalisation: Following the High Court ruling on 26 October 2018 in the landmark Lloyds Banking Group case on Guaranteed Minimum Pensions (GMPs), the Scheme is required to adjust benefits for the effect of unequal GMP benefits accrued by males and females between 17 May 1990 and 5 April 1997. The Charity included an allowance for the impact of GMP equalisation within its accounting figures as at 30 September 2019. The Scheme has not yet implemented GMP equalisation and therefore the allowance made as at 30 September 2019 has been maintained.

On 20 November 2020 the High Court issued a supplementary ruling in the Lloyds Bank GMP equalisation case in respect of members that transferred out of the Scheme prior to the ruling. This supplementary ruling confirms that historical transfers out of the Scheme are also subject to GMP equalisation and so this triggers a further Plan Amendment. As a result of this supplementary ruling, an estimate of the impact is recognised in the Statement of Financial Activities as a past service charge. The cost of the impact of this ruling has been estimated as £29k at 30 September 2021.

The exact impact of GMP equalisation will not be known until the Trustees of the Scheme have fully equalised benefits, a process which may take some time.

Principal risks and uncertainties

Our Trustees identify, assess and understand the risks facing the Charity and are satisfied that an appropriate risk framework is in place to manage these. The Charity takes a balanced approach to considering risk, taking steps to minimise the likelihood and impact of risk wherever possible, while acknowledging that exposure to risk is inevitable and should not prevent our charity from pursuing its mission.

The Audit Committee retains oversight of the charities risk management process and policy, and during the period the implementation of a new risk management system has progressed.

Risk Registers are regularly reviewed by the Executive Management Team, and quarterly by relevant board committees and the Board of Trustees. Risks are ranked on a score allocated by assessing the level of impact and likelihood.

The key risks at 30 September 2021 were:

- **Failure to respond to long term changes in veteran demographics** - Owing to the end of national service during 1960, it is forecast that the number of veterans requiring the Charity's residential care home services will decline significantly over the next decade. The Charity must continue to evolve its services in response to the changing needs of the Veteran population. Mitigation is provided through the development of new services based on our understanding of Veteran need gained from engagement with our beneficiaries, peer organisations, the Scottish Government, Veteran bodies and Health and Social Care bodies.
- **Financial failure resulting from prolonged expenditure exceeding income** - Mitigation comes from improved financial management processes, and the completion of long term financial planning, together with effective design and operation of financial oversight controls.
- **Reputational failure** - We have a variety of processes in place to mitigate the likelihood and impact of an event that could negatively impact the charity's reputation. These include whistle-blowing policy, recruitment processes and checks, registers of interest for staff and Trustees and robust financial procedures and audit to identify financial malpractice.
- **Failure to recruit and retain suitably qualified and skilled staff** - Retaining and attracting talented staff is key to our success. We have a range of measures in place to do this, including enhanced employee engagement activities, health & wellbeing initiatives, benchmarking and aligning remuneration to peers in the social care sector.



GOVERNANCE

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Trustees' report has been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), and the requirements of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102. It also meets the requirements for a Directors' report set out in the Companies Act 2006. Sections on 'Financial review for the year' and 'Principal risks and uncertainties' included within the 'Trustees' report', meet the requirements for a strategic report as outlined in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. The financial statements have been prepared in accordance with the accounting policies set out on pages 27 – 30 of the attached financial statements.

Status

Erskine Hospital ("the Charity" or "Erskine") is a charitable company limited by guarantee, and not having share capital, incorporated on 4 April 1997 and registered in Scotland (SC174103). Erskine Hospital is registered with the Office of the Scottish Charity Regulator (OSCR) as a charity in Scotland (SC006609). In the event of the winding up of the charitable company a member is liable to contribute a sum not exceeding £1.

Governing document

The charity is governed in accordance with its Memorandum and Articles of Association.

Objects of the charity

The principal objects of the charity are for the provision of nursing and residential care, accommodation and support. The charity provides support to men and women with a current or former record of armed service or service in support of, or alongside the armed services together with dependents or surviving dependents of such personnel.

Trustees

The Trustees govern our charity.

They are responsible for:

- Setting and monitoring progress against strategic objectives.
- Setting the highest standards and delivering good governance and leadership.
- Ensuring that the charity's resources are only used for its charitable objectives, in the best interests of its beneficiaries, and in compliance with all relevant statutory and regulatory obligations.

Our Trustees are also company directors for the purposes of company law. Collectively our Trustees constitute the Board of the Charity. The Board meets at least four times a year and delegates certain matters to committees. The Board of Trustees is composed of not less than 12 and not more than 18 Trustees.

Our committees comprise the following:

- **Finance & Performance Committee** who, on behalf of the Board of Trustees, oversee the long term strategic planning of the Charity's finances along with the performance of the organisation against a series of agreed key performance indicators;
- **Audit Committee** who undertake, on behalf of the Board of Trustees, a regular scrutiny of the operational effectiveness of the internal financial controls and procedures, risk management process, internal and external audit and all statutory audit material including the Annual Report;
- **Care & Clinical Governance Committee** whose primary aim is to assure the Board that effective Clinical Governance mechanisms are in place throughout the care operation to ensure efficient and professional practice for the delivery of high quality care and a safe environment for residents, staff and members of the public;
- **Staff Governance Committee** whose primary purpose is to provide assurance to the Board that appropriate staff governance mechanisms are in place; and
- **Remuneration Committee** whose primary responsibility is for approval of all strategic remuneration issues within the Charity including setting key management personnel compensation.

Each of the Sub-Committees' minutes are circulated to all members of the Board of Trustees and regular reports are brought to the Board together with any particular issues which require the overall decision of the Board.

The Board has delegated the authority to manage day-to-day business to the Chief Executive, assisted by the Executive Management Team (EMT). The Board approves the strategy of the charity, at the proposal of the Chief Executive and EMT. The Chief Executive is responsible for implementing the agreed strategy and policies.

The following Trustees were in office at 30 September 2021 and served throughout the year, and up to the date of approval of the financial statements except where stated.

Trustee	Trustee office	Date appointed/resigned/retired during the period	Committee membership
Mr Stuart Aitkenhead <small>BSc CEng FIMechE</small>	Chair (appointed 15 Sep 2021) Vice Chair (resigned 15 Sep 2021)		RC (Chair)
Mr Robin Crawford <small>LLB CA</small>	Chair (retired 15 Sep 2021)	Retired 15 Sep 2021	RC
Mr Ian Lee <small>BA (Hons) CA, CPA</small>			AC (Chair), RC
Captain James Fraser			AC
Lt Col David Harrison OBE <small>BA (Hons) MBA</small>			AC
Mr Jordan Taylor <small>CA</small>		Appointed 15 Sep 2021	AC
Mrs Elizabeth Simpson <small>MA CA</small>		Retired 7 Apr 2021	AC
Mrs Rosemary Lyness <small>MBE RGN SCM MBA</small>			CCGC (Chair), RC
Dr Claire Copeland			CCGC
Mrs Maria Clare Docherty			CCGC
Mrs Brenda Wilson			CCGC
Mr Douglas (David) Griffin <small>MA (Hons) DIP ACC CA</small>			FPC (Chair), RC
Major Michael Andrew Edwards <small>BA DL VR</small>			FPC
Dr Craig Fleming			FPC
Major General Chris Hughes CBE	Vice Chair (appointed 15 Sep 2021)		FPC
Mrs Lyndsay Jane Lauder	Independent Trustee		SGC (Chair), RC
Mr Simon Allbut <small>FCIPD</small>		Retired 16 Dec 2021	SGC
Mrs Jennifer Doran, <small>FFA</small>		Appointed 15 Sep 2021	SGC

For more information about our Trustees visit:

<https://www.erskine.org.uk/about-us/our-board-and-team/board-of-trustees/>

Committee membership key

- AC** Audit Committee
- CCGC** Clinical and Care Governance Committee
- FPC** Finance and Performance Committee
- RC** Remuneration Committee
- SGC** Staff Governance Committee



GOVERNANCE

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Non-Trustee independent advisors

The Board of Trustees appoints non-Trustee independent advisors with specialist knowledge in fields of relevance to the charity. The following non-Trustee independent advisors were in office at 30 September 2021 and served throughout the year, except where stated.

Non-Trustee independent advisor	Date appointed/resigned/retired during the period	Committee membership at the year end
Mr Richard Hyder		FPC
Mr Peter Yarrow		FPC
Mr Andrew Cowan		SGC
Mr Kenneth Baldwin	Appointed 15 Sep 2021	AC

Trustee recruitment and appointment

Appointment to the Charity’s Board of Trustees is carried out in accordance with the requirements of:

- the Charities and Trustee Investment (Scotland) Act 2005; and
- the policies and procedures as set by the Charity, having the necessary regard to the provisions of the Memorandum and Articles of Association.

The ordinary membership of the company, who form the General Council, appoint, from their number, the Board of Trustees.

Before recruiting new members of the Board of Trustees, the Charity identifies and prioritises those skills which would benefit the Board of Trustees. In undertaking this task the Board has regard to its Governance role in setting and achieving the charitable company’s strategic objectives, as well as ensuring that our Boards and committee have a strong and diverse mix of people, skills and expertise.

Over the past financial year, two Trustees were appointed to the Board and three Trustees resigned or retired during the period.

Trustee induction and development

Potential members of the Board of Trustees receive information (recruitment) packs with the details they need to determine whether they wish to pursue their interest and are able to offer the required level of commitment. The recruitment pack aims to allow the potential member a full understanding of the charitable company and what the Charity expects of its Board members.

Following selection as a member of the Board of Trustees, a full induction process is followed. Information is supplied on how to interpret the financial information together with details of how the Board measures and reflects on the performance of the charitable company. New members are invited to meet the executive management team and, where practical, to visit the charitable company’s operating premises.

Statement of responsibilities of the Trustees

The Trustees are responsible for preparing the Board of Trustees’ Report (incorporating the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Charity and Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting standards including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company’s transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Related parties

The Charity has one wholly owned subsidiary, Erskine Developments Limited.



GOVERNANCE

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Executive Management team

The following members of the Executive Management Team were employed at 30 September 2021

Name	Role
Wing Commander Ian Cumming MBE MA FCMI	Chief executive officer
Mr Derek Barron RMN MSc FQNIS	Director of Care
Mrs Sarah Bickerstaff MCIPD	Director of HR and Organisational Development
Mr Gregor McKellar BAcc(Hons) CA MST	Director of Strategic (Finance and Business) Planning
Mr Dougie Beattie IEng CIWFM	Head of Facilities and Support Services
Mrs Sharon Alison	Head of Finance
Mrs Sara Bannerman MInstF (Cert)	Head of Fundraising and Communications

Remuneration of personnel

The Charity is committed to ensuring that we pay our staff in a way that ensures we attract and retain the right skills to have the greatest impact in delivering our vision and charitable purpose. The Charity delivers a wide array of benefits to this end and is a Real Living Wage employer.

The Charity has a Remuneration Committee which meets at least annually, which is Chaired by the Chair of the Board, which sets the pay for all employees. The Chief Executive Officer is in attendance at the meeting (leaving for the discussion regarding the CEO remuneration), and no employees are members of the committee.

The main responsibilities of the Remuneration committee are to determine the remuneration of the CEO and Executive Management Team, and approve any cost of living increase for all staff. The Charity utilises a wide array of information, including the results of performance reviews and relevant benchmarks to determine appropriate pay for key management personnel.

Our people

Our people are at the core of delivering our vision. Through our Partnership Forum, employee attendance of the Staff Governance Committee meetings and the Hear for You forum, employees and their representatives are directly involved in developing internal policies and procedures which affect them. The Hear for You forum was established May 2021 to engage employees on key issues which affect employees, with standing attendance by members of the Executive Management Team, and 13 employees from across every location and job group.

Disabled employees

The Charity gives full consideration to employment applications from disabled persons, where the requirements of the job can be adequately filled by a disabled person. If existing employees become disabled it is the Charity’s policy, wherever practicable, to provide continuing employment under normal terms and conditions and to provide training and career development opportunities wherever appropriate.

Volunteers

We recognise the immeasurable benefits that volunteers contribute to our services. Volunteers bring added value to the Charity by enhancing the quality and variety of services we provide, giving their time, enthusiasm, additional skills, independence of outlook and a fresh perspective to design and delivery. Within the Charity’s service delivery model there have been many activities undertaken by registered volunteers across the four care homes and ERMAC including support roles within speech and language, physiotherapy, lunch clubs, activities, support services, befriending and fundraising and events. However, the COVID-19 pandemic has continued to restrict volunteer activity to fundraising and relative support roles during the period. The Charity has 163 registered volunteers (19/20: 262) who delivered around 1,000 hours of fundraising and relatives support roles during the year.

Energy and Carbon Reporting

UK energy use and greenhouse gas emissions

The Charity recognises its responsibility to minimise its impact on the natural environment and continues its commitment to reduce its energy consumption and carbon emissions. We report our current UK based energy usage and associated annual Greenhouse Gas (GHG) emissions pursuant to the Companies (Director’s Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the 2018 Regulations) that came into force 1st April 2019.

Organisational boundary

In accordance with the 2018 Regulations, the energy use and associated greenhouse gas emissions are for those within the UK only that come under the operational control boundary. Therefore, energy use and emissions are aligned with financial reporting for the Charity. There are no non-UK based subsidiaries that would not qualify under the 2018 Regulations in their own right.

Reporting period

The annual reporting period is 1 October through 30 September each year.

Base year

The baseline year used is the year ending 30 September 2021 and, in the event of significant changes to the company including structural changes or improvements in data accuracy, the baseline year will be recalculated.

Quantification and reporting method

This report was compiled using existing reporting mechanisms which provide a near continuous record of natural gas, electricity and transport data for company owned vehicles and business use by employee owned vehicles. The 2019 Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed to ensure the Streamlined Carbon and Energy Reporting (SECR) requirements were met.

The data was converted using conversion factors provided by the Department of Business, Energy and Industrial Strategy at the start of the reporting period. Associated emissions were three parts: Scope 1 (operation of facilities), Scope 2 (purchased energy UK) and Scope 3 (indirect emissions produced as a consequence of company activities).

Some estimations of energy usage have been made when data has not been available from suppliers or prorated for shared use buildings.



GOVERNANCE

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Total gross energy consumed

Breakdown of energy consumption used to calculate emissions:

Type	kWh for year ending 30 Sep 2021
Electricity consumed across owned/leased buildings	3,127,235
Gas consumed across owned/leased buildings	8,427,173
Fuel used by fleet for business travel	7,370
Total gross energy consumed	11,561,778

Total gross emissions

Breakdown of emissions associated with the reported energy use:

Type	tCO2e for year ending 30 Sep 2021
Gas	1,543
Company owned vehicles	29
Scope 1	1,572
Electricity	789
Scope 2	789
Other indirect emissions*	-
Scope 3	-
Total gross emissions	2,361

* Note that data limitations regarding indirect emissions, make this reporting impractical at present. Any employees using their own vehicles purchase the fuel and are reimbursed.

Intensity ratio

We have chosen to use gross tonnes of carbon dioxide equivalent emissions per full time equivalent employee. These metrics are chosen as they are the most readily available and complete data over the period and help 'normalise' the data.

	year ending 30 Sep 2021
Average number of full time equivalent employees	738
Tonnes of CO2e per employee	3.20

UK production of waste

The Charity's operations produced the following tonnes of waste during the period:

Type	Tonnes for year ending 30 Sep 2021
Waste to landfill	139.46
Waste recycled	48.24
Total gross waste produced	187.70

Energy efficiency measures during current financial year

The Charity is compliant with all ESOS regulations and are committed to reducing energy usage across the estate. We carry out regular energy audits which identify savings opportunities and also;

- Introducing energy savings campaigns across the staff group encouraging ideas to save energy
- Carried out a tender exercise for a new Facilities Management contractor with a specific brief of introducing energy saving initiatives across the organisation
- Ensure all potential suppliers comply with environmental and ethical procurement standards prior to contract award

We will continue to review how we work and endeavour to identify energy saving opportunities across our operations, leading to financial savings, waste reduction and lower greenhouse gas emissions.

Reference and Administrative Details

Patron	His Royal Highness The Prince Charles, Duke of Rothesay, KG, KT
President	The Right Hon Philip Braat, The Lord Provost of Glasgow
Chair	Mr Stuart Aitkenhead BSc CEng FIMechE
Trustees	As listed on page 13
Chief Executive	Wing Commander Ian Cumming MBE MA FCMI
Members of the Management team	As listed on page 16
Company Secretary	Andrew Cowan

Principal office	The Erskine Home Erskine Veterans Village Bishopton Renfrewshire PA7 5PU Telephone: 0141 812 1100 Website: www.erskine.org.uk Email: enquiries@erskine.org.uk
Registered office	7 West George Street Glasgow G2 1BA
External auditor	Azets Audit Services Titanium 1 King's Inch Place Renfrew PA4 8WF
Internal auditor	RSM 3rd Floor Centenary House 69 Wellington Street Glasgow G2 6HG
Banker	Royal Bank of Scotland 1 Moncrieff Street Paisley PA3 2AW
Investment manager	Brewin Dolphin 6th Floor, Atria One Edinburgh EH3 6PP
Solicitor	T C Young 7 West George Street Glasgow G2 1BA



GOVERNANCE

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Fundraising

We could not fulfil our charitable mission without the support of generous, thoughtful and committed donors, who are extremely valued. We employ a range of approaches to raise money for our mission, whilst always respecting and protecting the interests of our supporters.

Fundraising on our behalf

As part of our Individual Giving activities professional fundraising representatives may be used for door to door or telephone fundraising. As members of the Chartered Institute of Fundraising, all of our fundraisers, whether employed by us, volunteers, or acting on behalf of the charity adopt the Standards and Policy issued by the Fundraising Regulators' and are bound by the Charity's "Protecting Vulnerability" policy.

Our supporter promise

We communicate with our supporters in many ways, including appeal letters, telephone calls, raffles, TV advertising and online via our website and social media. We have a 'Supporter promise' to make sure that everyone we interact with feels respected and valued.

You can find out more information about our commitment to our donors at: www.erskine.org.uk/give-support/advice-for-donors/

We take safeguarding potentially vulnerable supporters seriously, and our "Protecting vulnerability" policy is informed by the Chartered Institute of Fundraising's 'Treating Donors Fairly Guidance'.

Fundraising regulation

We are committed to best practice fundraising and are registered with the Scottish Fundraising Standards Panel Register of Charities. We comply with the law as it applies to charities and fundraising and adhere to best practice as outlined in the Fundraising Code of Practice. As a charity registered in Scotland, we adhere to the Office of the Scottish Charity Regulator (OSCR) with regard to the legal requirements of Scottish Charity law in relation to fundraising.

We strive for best practice in fundraising and comply with all relevant statutory regulations, including the Charities (Protection and Social Investment) Act 2016, the Data Protection Act 2018, GDPR and the Privacy and Electronic Communications Regulations 2003.

Safeguarding and whistleblowing

Our safeguarding and whistleblowing procedures aim to:

- Protect our service users from abuse or health concerns from others or themselves.
- Address internal issues whereby a concern directly relates to our employees and/or volunteers.

In accordance with our whistleblowing policy the Charity has appointed a 'freedom to speak up' champion Trustee, who can be contacted confidentially via email at whistletrustee@erskine.org.uk. Our stakeholders are also able to raise concerns about our services via the Care Inspectorate. During the year ended 30 September 2021, we had no whistleblowing reports. One anonymous concern was raised via the Care Inspectorate, which following a detailed investigation by the Care Inspectorate, was not upheld.

Safeguarding of residents and beneficiaries is a priority for us, and we operate monitoring and reporting procedures in accordance with the Adults with Incapacity (Scotland) Act 2000, the Adult Support and Protection (Scotland) Act 2007, and the Mental Health (Care and treatment) (Scotland) Act 2003. All issues which fall under any of these Acts are reported to and overseen by our Clinical and Care Governance Committee.

Complaints and feedback

We are keen to hear from our beneficiaries and stakeholders if they believe there is something we did not get right, so we can learn and improve.

During the year, we received four complaints related to our fundraising activities (19/20: five). We also received 25 written compliments. The complaints related to the receipt of unwanted fundraising communications. None of the complaints related to serious issues.

In relation to our care and support services, we received two complaints, both of which were notified to us via the Care Inspectorate (19/20: two), but we also received 104 written compliments (19/20: 135). One complaint related to the quality of service received and the other to a breakdown in communication. We moved swiftly to address these concerns and, supported by the Care Inspectorate, partially upheld two aspects of the complaints. We have learnt from these complaints, working with managers and staff to ensure we have addressed the matters raised. The learning will also be used in new guidance and training for our staff.

Disclosure of Information to the Auditor

To the knowledge and belief of each of the persons who are Trustees at the time the report is approved:

- So far as the Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- He/she has taken all steps that he/she ought to have taken as Trustee in order to make himself/herself aware of any relevant information, and to establish that the charitable company's auditor is aware of the information.

The Board of Trustees' Report (incorporating the Strategic Report) was approved by the board of Trustees on 16 of March 2022 and signed on its behalf by:

Mr Stuart Aitkenhead BSc CEng FIMechE
Chairman of the Board of Trustees
Approved on 16 of March 2022

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES

Opinion

We have audited the financial statements of Erskine Hospital (the 'charitable company') for the year ended 30 September 2021 which comprise the Statement of Financial Activities (incorporating the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Board of Trustees' Report (incorporating the Strategic Report) for the financial year for which the financial statements is prepared is consistent with the financial statements; and
- the Board of Trustees' Report (incorporating the Strategic Report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Board of Trustees' Report (incorporating the Strategic Report).

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 15, the Trustees (who are directors for the purposes of company law and Trustees for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we identified the laws and regulations applicable to the charitable company through discussions with management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), Care Inspectorate requirements, taxation legislation and data protection, anti-bribery, environmental, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence and correspondence with regulators; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, regulators and the charitable company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's Trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Our audit work has been undertaken so that we might state to the charitable company's members, as a body, and the charitable company's Trustees, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members, as a body, and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

**Allison Gibson, Senior Statutory Auditor
For and on behalf of Azets Audit
Services, Statutory Auditor
Chartered Accountants**

Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 17 of March 2022



FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating Income & Expenditure Account)
for the year ended 30 September 2021

	Note	Unrestricted funds 20/21 £'000	Restricted funds 20/21 £'000	Total 20/21 £'000	Total 19/20 £'000
Income and endowments					
Donations and legacies	5	9,441	355	9,796	7,517
Charitable activities	6	16,604	-	16,604	15,774
Investment income	7	1,009	-	1,009	1,249
Other income		67	-	67	30
Total income and endowments		27,121	355	27,476	24,570
Expenditure					
Raising funds	8	2,904	-	2,904	2,630
Charitable activities	9	25,332	340	25,672	24,622
Investment management costs		121	-	121	91
Total expenditure		28,357	340	28,697	27,343
Net (expenditure)/income prior to gains/(losses) on investments		(1,236)	15	(1,221)	(2,773)
Gain/(losses) on investments					
Realised gain/(loss) on disposal of fixed asset investments	14	1,314	-	1,314	(1,562)
Unrealised investment gain/(loss)	14	5,832	-	5,832	(210)
Unrealised investment property loss	14	(80)	-	(80)	-
Total gains/(losses) on investments		7,066	-	7,066	(1,772)
Net income/(expenditure) for the year		5,830	15	5,845	(4,545)
Transfers between funds	20	137	(137)	-	-
Net movement in funds	12	5,967	(122)	5,845	(4,545)
Total funds brought forward	20	80,390	653	81,043	85,588
Total funds carried forward	20	86,357	531	86,888	81,043

Note: The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 27 to 50 form part of these financial statements

FINANCIAL STATEMENTS

BALANCE SHEET

as at 30 September 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	13	35,178	35,573
Investments	14	47,862	41,878
		83,040	77,451
Current assets			
Debtors	15	5,117	3,505
Cash and cash equivalents		1,426	2,727
		6,543	6,232
Creditors: amounts falling due within one year	16	(1,469)	(1,414)
Net current assets		5,074	4,818
Net assets excluding provisions		88,114	82,269
Provision for liabilities	18	(1,226)	(1,226)
Net assets		86,888	81,043
Funds			
Restricted funds	20	531	653
Unrestricted funds:			
Designated funds	20	23,512	28,168
Fixed asset fund	20	37,028	37,503
Other charitable funds (free reserves)	20	25,817	14,719
		86,357	80,390
	20	86,888	81,043

The financial statements have been authorised for issue by the Board of Trustees on 16 March 2022 and are signed on their behalf by:

Mr Stuart Aitkenhead BSc CEng FIMechE
Chairman of the Board of Trustees

Scottish Charity No: SC006609
Company No: SC174103

The notes on pages 27 to 50 form part of these financial statements



FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

for the year to 30 September 2021

	Note	20/21 £'000	19/20 £'000
Cash flows from operating activities			
Net cash used in operating activities	21	(2,068)	(2,211)
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,227)	(1,652)
Proceeds from disposal of tangible fixed assets		67	5
Purchase of investments		(8,382)	(5,241)
Proceeds from disposal of investments		9,464	7,885
Dividends received		845	1,092
Interest received		-	5
Net cash provided by investing activities		767	2,094
Decrease in cash and cash equivalents in the year		(1,301)	(117)
Cash and cash equivalents at 1 October		2,727	2,844
Cash and cash equivalents at 30 September		1,426	2,727

The notes on pages 27 to 50 form part of these financial statements

FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS

for the year ended 30 September 2021

1 General information

These financial statements are presented in pounds sterling (GBP) as that is the currency in which the charitable company's transactions are denominated. They comprise the financial statements of the charitable company.

The principal activities and legal status of the Charity are set out in the Trustees' report.

2 Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are noted below. These policies have been applied consistently to all the years presented in dealing with items which are considered material in relation to the charitable company's financial statements unless otherwise stated.

Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include investment properties and fixed asset investments at fair value and in accordance with United Kingdom Accounting Standards, including the Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice (SORP)

'Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)', the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Trustees to exercise their judgement in the process of applying the accounting policies (see note 3).



FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS (CONTINUED)

2 Principal accounting policies (continued)

Going concern

The Trustees of the charity have assessed whether the use of the going concern assumption is appropriate in preparing these accounts and have made this assessment in respect to a period of one year from the date of their approval. Trustees acknowledge and recognise the ongoing and potential impact of the Covid-19 pandemic on the future operations of the charity, its beneficiaries, partners and stakeholders.

The Trustees have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed within note 3 to the financial statements. With regard to the next accounting period, the year ending 30 September 2022, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the 'Investment policy' and the risk management sections of the 'Trustees' report' for more information).

The Trustees have considered several factors in concluding that the adoption of the going concern basis in the preparation of these financial statements is appropriate. These have included:

- Existing reserves
- Future fundraising plans
- Ongoing long term financial planning activities
- Cash management and working capital controls in place to manage the potential risks of late payments by funders and ensure restricted and unrestricted assets and reserves are appropriately managed.

After making this assessment, the Trustees are confident the organisation has adequate resources to operate for the foreseeable future and can adopt the going concern basis in preparing its financial statements.

Consolidation

These financial statements are for the charitable company only. The result and Balance Sheet of the subsidiary undertaking, Erskine Developments Limited, has not been consolidated on the basis that it is a dormant entity. The Charity presents information about it as an individual undertaking and not in respect of the group.

Income recognition

All income is included in the Statement of Financial Activities when the charitable company is entitled to the income, it is probable that the income will be received and the amount can be measured reliably. The following specific policies are applied to particular categories of income:

Donation income is received by way of grants and donations and is included in full in the Statement of Financial Activities when the charitable company becomes entitled to the funds, it is probable that the income will be received and the amount can be measured reliably.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity. Entitlement to a legacy is taken as the earlier of the date on which either: the charity is aware that confirmation has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of confirmation, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Earned service income and trading income is recognised to the extent that it is probable that the economic benefits will flow to the charity and the revenue can be measured reliably. It is measured at fair value, being the amount invoiced and considered receivable, excluding any discounts or rebates.

Dividend income is recognised when dividends are declared and the stock becomes ex-dividend.

Other income is recognised when the charitable company is entitled to the income and the amount can be measured reliably.

Capital grants

Capital expenditure has been and will be incurred on fixed assets and may be eligible for grant assistance. Where this is the case, grants are credited to restricted funds. Once the restriction has been satisfied, the balance is reallocated to the fixed asset fund. The relevant depreciation charge is debited to this fund.

Capital grants are recognised when the charitable company is entitled to the grant, it is probable that the income will be received and the amount can be measured reliably.

Expenditure recognition

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes irrecoverable VAT.

- Raising funds costs comprise the costs associated with attracting voluntary income.
- Charitable expenditure comprises those costs incurred by the charitable company in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Other expenditure comprises those costs incurred by the charitable company that are not related to its activities.
- Governance costs comprise those costs associated with meeting the constitutional and statutory requirements of the charitable company and include the audit fees and costs linked to the strategic management of the charitable company.
- Support costs are allocated between care homes expenditure and raising funds in accordance with an estimate of staff time spent on each activity.

Pensions

The charity is the sole sponsoring employer of a defined benefit pension scheme which was closed to new entrants on 15 August 2001. Movements in the overall position of the defined benefit pension scheme are included in the Statement of Financial Activities. The defined benefit pension scheme was closed to future accrual on 1 August 2010.

Contributions in respect of the defined contribution scheme are charged in the Statement of Financial Activities as they become payable in accordance with the Scheme Rules.

The assets of both of the pension Schemes are held separately from those of the charity in independently administered funds.

Any scheme surpluses are only recognisable on the Balance Sheet to the extent that the Charity can recover the surplus through reduced contributions in the future or through refunds from the Scheme.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to expenditure on a straight line basis over the period of the lease.

Operating lease income is recognised in income on a straight line basis over the period of the lease.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fixed assets

The premises and equipment transferred to the charitable company on its incorporation were not capitalised in the Balance Sheet and any proceeds from the sale of surplus land or buildings will be shown as a gain on disposal. No value is included in the financial statements in respect of the land owned by the charitable company. On the initial construction of a new building all items are capitalised and then any subsequent repairs and replacements are written off to expenditure except for major alterations. The purchase of motor vehicles is treated as a capital item.

Other assets are included at cost and are being depreciated over the following periods in the table below:

Fixed assets

Buildings	33-60 years
Equipment, Furnishings, Machinery & Plant	2-12 years
Motor Vehicles	4 years

Depreciation charges commence in the month in which assets are brought into use.

In respect of assets in the course of construction no depreciation is charged until the assets are brought into use.



FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS (CONTINUED)

2 Principal accounting policies (continued)

Investments and investment property

Listed investments and investment properties are included in the Balance Sheet at mid-market value and fair value respectively. Gains and losses are recognised in the Statement of Financial Activities in the year in which they arise.

Investments in subsidiary undertakings are included at cost less accumulated impairment.

Financial instruments

The charitable company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors. Debt instruments that are payable or receivable within one year are measured, initially and subsequently, at the undiscounted amount of the cash expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activities.

Investments are measured at fair value with the changes being recognised in the Statement of Financial Activities.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Cash and cash equivalents

Cash at bank includes cash and short term highly liquid investments with a short maturity of twelve months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Short term trade creditors are measured at the transaction price.

Provision for liabilities

A provision is created when there is uncertainty surrounding the timing and amount of settlement of a liability. The provision will become binding when the uncertainty is removed.

Funds

Unrestricted funds are expendable at the discretion of the Trustees in the furtherance of the charitable company's objectives. Within unrestricted funds, the Trustees have earmarked funds for certain projects as designated funds, and the fixed asset fund represents the net book value of fixed assets and has been set aside to demonstrate that these assets are illiquid and are not available as free reserves.

Restricted funds have specific terms or conditions which have to be satisfied and these funds remain restricted until all the related conditions have been satisfied.

3 Judgements in applying policies and key sources of estimation uncertainty

Preparation of the financial statements requires the Trustees and management to make significant judgements and estimates that affect the reported values of assets, liabilities, income and expenses.

Significant areas of estimation and judgement include:

- The timing of legacy revenue recognition
- The timing of restricted income recognition
- The selection of discount rates for the defined benefit pension scheme
- The provision for the repayment of restricted grant income (see note 18)
- The valuation of investment properties
- The useful economic life of tangible fixed assets

4 Comparative Statement of Financial Activities (Incorporating Income & Expenditure Account)

	Unrestricted funds 19/20 £'000	Restricted funds 19/20 £'000	Total 19/20 £'000
Income and Endowments			
Donations and legacies	6,847	670	7,517
Charitable activities	15,774	-	15,774
Investment income	1,249	-	1,249
Other income	30	-	30
Total income and endowments	23,900	670	24,570
Expenditure			
Raising funds	2,630	-	2,630
Charitable activities	24,096	526	24,622
Investment management costs	91	-	91
Total expenditure	26,817	526	27,343
Net (expenditure)/income prior to (losses) on investments	(2,917)	144	(2,773)
(Losses) on investments			
Realised loss on disposal of fixed asset investments	(1,562)	-	(1,562)
Unrealised investment loss	(210)	-	(210)
Total losses on investments	(1,772)	-	(1,772)
Net (expenditure)/ income for the year	(4,689)	144	(4,545)
Transfers between funds	302	(302)	-
Net movement in funds	(4,387)	(158)	(4,545)



FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS (CONTINUED)

5 Donations and Legacies

	Unrestricted funds 20/21 £'000	Restricted funds 20/21 £'000	Total 20/21 £'000	Unrestricted funds 19/20 £'000	Restricted funds 19/20 £'000	Total 19/20 £'000
Legacies	5,303	-	5,303	2,724	31	2,755
Donations	4,138	355	4,493	4,123	639	4,762
	9,441	355	9,796	6,847	670	7,517

6 Charitable Activities Income

	Total 20/21 £'000	Total 19/20 £'000
Care home fees and miscellaneous income	16,030	15,275
Sustainability payments	574	499
	16,604	15,774

All charitable activities income received in 20/21 and 19/20 was unrestricted.

7 Investment Income

	Total 20/21 £'000	Total 19/20 £'000
Dividends received	845	1,092
Rental income	164	152
Interest received	-	5
	1,009	1,249

All investment income received in 20/21 and 19/20 was unrestricted.

At 30 September 2021 the charitable company had minimum lease receipts due under non-cancellable operating leases as follows:

	Total 2021 £'000	Total 2020 £'000
Not later than one year	176	177
Later than one year and not later than five years	705	708
Later than five years	2,471	2,661
	3,352	3,546

8 Raising funds expenditure

	Total 20/21 £'000	Total 19/20 £'000
Staff costs – direct	931	722
Staff costs – apportioned	272	236
Marketing & communications	382	253
Office & vehicle costs – direct	274	148
Office & vehicle costs – apportioned	269	239
Donor development campaign	776	1,032
	2,904	2,630

All raising funds expenditure incurred in 20/21 and 19/20 is unrestricted.

9 Charitable activities expenditure

	Unrestricted funds 20/21 £'000	Restricted funds 20/21 £'000	Total 20/21 £'000	Unrestricted funds 19/20 £'000	Restricted funds 19/20 £'000	Total 19/20 £'000
Care homes and miscellaneous						
Nursing staff	13,145	77	13,222	12,651	215	12,866
Care support staff	3,632	17	3,649	3,360	2	3,362
Maintenance & repairs	1,456	17	1,473	1,315	30	1,345
Irrecoverable VAT	907	-	907	827	-	827
Insurance	236	-	236	179	-	179
Training	27	-	27	15	-	15
Utilities	745	-	745	813	-	813
Food, transport & comforts	546	-	546	611	-	611
Medical & domestic supplies	765	127	892	680	249	929
Reid Macewen Activities centre	368	102	470	405	30	435
Support costs						
Management & administration	1,539	-	1,539	1,402	-	1,402
Marketing of care	262	-	262	170	-	170
Depreciation & impairment (note 13)	1,622	-	1,622	1,603	-	1,603
Governance costs (note 10)	82	-	82	65	-	65
	25,332	340	25,672	24,096	526	24,622



FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS (CONTINUED)

10 Governance costs

	Total 20/21 £'000	Total 19/20 £'000
Company secretary costs	30	19
External auditor – audit services	32	26
Internal audit	20	20
	82	65

11 Staff costs

	Total 20/21 £'000	Total 19/20 £'000
Wages and salaries	16,290	15,381
Social security costs	1,254	1,152
Pension scheme costs – defined contribution	1,885	1,812
Pension scheme past service charge – defined benefit	-	-
	19,429	18,345

Agency costs of £663,396 (19/20 - £432,146) are included within wages and salaries above.

These costs and the analysis below include full-time, part-time and agency staff.

The number of employees who earned between the amounts stated below (including taxable benefits but excluding employer pension and national insurance contributions) during the year were:

	20/21 No.	19/20 No.
£60,000 - £69,999	4	2
£70,000 - £79,999	1	1
£80,000 - £89,999	-	1
£90,000 - £99,999	2	1

	Total 20/21 £'000	Total 19/20 £'000
The pension contributions for the above employees were:	45,898	33,507

Seven (19/20 - five) employees with salary and taxable benefits over £60,000 were members of the defined contribution pension scheme.

11 Staff costs (continued)

The average number of employees analysed by function was:

	20/21 No.	19/20 No.
Nursing and therapy	476	498
Support services	178	172
Activities	20	19
Social firms	7	4
Management and administration	33	33
Fundraising, marketing and communications	24	24
	738	750

Key management personnel

Key management personnel comprises the Board of Trustees, the Chief Executive, the Executive Management Team and the four care home managers. No Trustees received remuneration in respect of duties performed (19/20 - £nil). Travel expenses of £nil were paid to Trustees in the year (19/20 - £nil). Other key management personnel received remuneration of £754,313 (19/20 - £638,300), social security costs of £85,532 (19/20 - £88,085) and pension contributions of £68,946 (19/20 - £59,354).

12 Net movement in funds

Net movement in funds is stated after charging/(crediting):

	20/21 £'000	19/20 £'000
Depreciation and impairment	1,622	1,603
Auditor's remuneration – audit fees	32	26
Interest received	-	(5)
Operating lease rentals	15	11



FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS (CONTINUED)

13 Tangible fixed assets

	Freehold buildings £'000	Assets under construction £'000	Motor vehicles £'000	Equipment furnishings, machinery & plant £'000	Total £'000
Cost					
At 1 October 2020	51,986	4,219	520	5,150	61,875
Additions	-	916	176	135	1,227
Disposals	-	-	(118)	-	(118)
Transfers from assets under construction	5,125	(5,125)	-	-	-
At 30 September 2021	57,111	10	578	5,285	62,984
Depreciation and impairment					
At 1 October 2020	22,876	-	427	2,999	26,302
Charge for the year	1,161	-	73	388	1,622
Disposals	-	-	(118)	-	(118)
At 30 September 2021	24,037	-	382	3,387	27,806
Net book value					
30 September 2021	33,074	10	196	1,898	35,178
30 September 2020	29,110	4,219	93	2,151	35,573

14 Fixed asset investments

	Subsidiary undertakings £'000	Listed investments £'000	Investment property £'000	Total £'000
Market value at 1 October 2020	1	39,947	1,930	41,878
Additions	-	8,382	-	8,382
Disposals at open market value (proceeds £9,464,000, gain £1,314,000)	-	(8,150)	-	(8,150)
Movement in market value	-	5,832	(80)	5,752
Market value at 30 September 2021	1	46,011	1,850	47,862

Investment in subsidiary undertaking

The result and Balance Sheet of the subsidiary undertaking is listed below. Erskine Developments Limited is wholly owned by the Charity and has not been consolidated on the basis that it is a dormant entity. Erskine Developments Limited's registered office is 7 West George Street, Glasgow, G2 1BA.

The share capital and reserves of the subsidiary undertaking not consolidated, taken from the latest set of accounts, are as follows.

	Share capital & reserves £'000	Country of incorporation	Result for the year £'000	Principal activity
Erskine Developments Ltd * (as at 30 September 2021)	-	Scotland	-	Development

* 100% of voting rights and ordinary shares held by the company.



FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS (CONTINUED)

14 Fixed asset investments (continued)

Listed investments

All listed investments were dealt in recognised stock exchanges and comprised the following:

	30 Sep 21	30 Sep 20
Equities	37,044	34,605
Fixed income	2,867	2,338
Property funds	851	772
Multi-asset holdings	3,085	1,620
Cash	2,164	612
	46,011	39,947

	30 Sep 21	30 Sep 20
UK stock exchange	14,069	15,748
North American stock exchange	13,965	12,146
Non-UK stock exchange	11,877	9,049
Property funds	851	772
Multi-asset holdings	3,085	1,620
Cash	2,164	612
	46,011	39,947

Included in listed investments is cash held by the Investment Manager of £2,164k (30 September 200: £612k).

At 30 September 2021 the following investments had a market value in excess of 2.5% of the portfolio:

	30 Sep 2021 Market value £'000	% of listed portfolio
Scottish Mortgage Investment Trust PLC	2,392	5.2%
JP Morgan US Equity Income Fund K - Net Income	2,163	4.7%
Baillie Gifford American Fund W1 Income	1,959	4.3%
Baillie Gifford Japanese Fund Class W1 Income	1,596	3.5%
Vanguard Funds PLC S&P 500 ETF Income	1,538	3.3%
BNY Mellon Asian Income	1,505	3.3%
Invesco Fund Manager Asian Income	1,366	3.0%
SPDR S&P US Dividend Aristocrats	1,320	2.9%
Other investments <5%	32,172	69.8%
	46,011	100.0%

Investment property

The Garden Centre and Factory, both located within the Bishopton Veterans Village and let to Caulders and Scotland's Bravest Manufacturing Company respectively, were independently valued as at 30 September 2021 by Alastair J. Buchanan, MRICS, of J & E Shepherd Chartered Surveyors.

The fair value of the Investment properties is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. The Fair value of investment properties reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.



FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS (CONTINUED)

15 Debtors	2021 £'000	2020 £'000
Trade debtors	564	369
Amounts due from subsidiary undertakings	-	24
Other debtors	89	229
Prepayments and accrued income	4,464	2,883
	5,117	3,505

Trade debtors are shown net of the bad debt provision of £61,406 (19/20 - £114,690). Movements in the bad debt provision are included within support costs.

16 Creditors: amounts falling due within one year	2021 £'000	2020 £'000
Trade creditors	427	557
Other taxes & social security costs	8	22
Amounts payable to subsidiary undertakings	-	17
Other creditors	1,034	818
	1,469	1,414

Included within other creditors is pension contributions of £162,169 (19/20 - £155,744) outstanding at the year end.

17 Financial instruments	2021 £'000	2020 £'000
Financial assets		
Financial assets measured at fair value	47,861	41,877

Financial assets measured at fair value comprise investment property and other investments.

18 Provision for liabilities	2021 £'000	2020 £'000
Repayment of funding	1,226	1,226

A number of years ago, funding was received to set up social firm operations. Some of these activities were discontinued in 2012 and accordingly, a provision was created for the potential repayment of this funding. The provision for liabilities is secured over the buildings for which the grant income was received. One building related to this funding, was sold and the Charity repaid £192k of the original funding during 2018. There is uncertainty surrounding the liability, timing and amount of any remaining settlement.

19 Pension commitments

The Charity is the sole sponsoring employer of a pension scheme providing benefits based on revalued average pensionable salary. The scheme is funded by the payment of contributions to a separately administered pension fund. The scheme was closed to new entrants on 15 August 2001, and closed to future accrual on 1 August 2010.

The contributions to the scheme are determined with the advice of an independent qualified actuary on the basis of triennial valuation using the projected unit valuation method. A full actuarial valuation was undertaken as at 5 April 2021, which shows a surplus of £2,688k in the Scheme and a funding level of 110%. The year-end valuation has also been prepared using the projected unit valuation method.

The major financial assumptions used by the actuary were:	At 30 September 2021	At 30 September 2020
Rate of future salary increases	4.20%	3.65%
Rate of increase of pensions in payment	2.20%	1.80%
Rate of increase of deferred pensions	3.20%	2.15%
Discount rate	1.95%	1.55%
Inflation assumption	3.70%	3.15%
Mortality tables	SAPS tables +1 year age rating, year of birth, CMI 2020 long term improvements of 1.25% with a smoothing parameter of 7.0	SAPS tables +1 year age rating, year of birth, CMI 2019 long term improvements of 1.25% with a smoothing parameter of 7.0

The mortality assumptions adopted imply the following life expectancies from age 65:	20/21	19/20
Male currently aged 45	22.3 years	22.1 years
Male currently aged 65	21.0 years	20.7 years
Female currently aged 45	24.8 years	24.2 years
Female currently aged 65	23.4 years	22.7 years



FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS (CONTINUED)

19 Pension commitments (continued)

The following amounts are recognised in the Balance Sheet:

The assets in the Scheme and the expected rates of return were:	Value at 30/09/21 £'000	% of Scheme assets	Value at 30/09/20 £'000	% of Scheme assets
Equities	5,369	17.90%	4,445	14.90%
Corporate bonds	3,831	12.70%	3,878	13.00%
Annuity policy	11,798	39.30%	12,291	41.20%
Property	1,963	6.50%	1,820	6.10%
Cash	877	2.90%	776	2.60%
LDI	2,860	9.50%	3,431	11.50%
Diversified credit fund	3,353	11.20%	3,192	10.70%
Fair value of scheme assets	30,051		29,833	
Present value of funded liabilities	(28,025)		(28,701)	
Unrecognised surplus	(2,026)		(1,132)	
Deficit in scheme	-		-	

Movements in the fair value of scheme assets are as follows:

	20/21 £'000	19/20 £'000
Opening fair value of scheme assets	29,833	29,649
Finance income	455	510
Actuarial gains	778	648
Benefits paid	(1,015)	(974)
Closing fair value of scheme assets	30,051	29,833

Movements in the present value of the scheme liabilities are as follows:

	20/21 £'000	19/20 £'000
Opening defined benefit liability	28,701	28,692
Past service costs	29	-
Interest cost	437	494
Actuarial (losses)/gains	(127)	489
Benefits paid	(1,015)	(974)
Closing defined benefit liability	28,025	28,701
Actual return on scheme assets	1,233	1,158

19 Pension commitments (continued)

History of experience gains/(losses)

	20/21 £'000	19/20 £'000	18/19 £'000	17/18 £'000	16/17 £'000
Scheme assets	30,051	29,833	29,649	27,413	28,060
Defined benefit liability	(28,025)	(28,701)	(28,692)	(25,177)	(28,663)
Surplus/(deficit) in Scheme	2,026	1,132	957	2,236	(603)
Experience adjustments on scheme assets	778	648	2,974	(384)	(487)
Experience adjustments on scheme liabilities	-	-	330	2,647	261

The following are recognised in the Statement of Financial Activities

	20/21 £'000	19/20 £'000
Analysis of net return on pension scheme:		
Finance income	455	510
Interest cost	(437)	(494)
Adjustment in respect of irrecoverable surplus	(18)	(16)
Net income	-	-
Analysis of employer costs:		
Past service costs	(29)	-
Adjustment in respect of irrecoverable surplus	29	-
Past service costs	-	-
Analysis of actuarial gain:		
Actual return less expected return on pension scheme assets	778	648
Changes in assumptions	127	(489)
Adjustment in respect of irrecoverable surplus	(905)	(159)
Actuarial gain to be recognised	-	-

The cumulative amount of actuarial losses taken to the statement of financial activities since the deficit was incorporated into the financial statements is £10,383k.

Movement in deficit during the year

	20/21 £'000	19/20 £'000
Deficit in scheme at the beginning of the year	-	-
Movement in the year:		
Net return on pension scheme	-	-
Past service costs	-	-
Actuarial gain	-	-
Deficit in scheme at the end of the year	-	-

In May 2014, the defined benefit pension scheme purchased a group annuity policy to match the liabilities within the scheme. The Charity is not currently required to make any payments to the scheme.



FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS (CONTINUED)

20 Funds 2021	As at 30 September 2020 £'000	Income and endowments £'000	Expenditure £'000	Gains/ (Losses) £'000	Transfers/ reallocations £'000	As at 30 September 2021 £'000
Restricted funds:						
Donations	653	355	(340)	-	(137)	531
Unrestricted funds:						
Designated funds:						
Revaluation reserve	204	-	-	-	(80)	124
Lifecycle costs	2,573	-	(397)	-	3	2,179
Care home deficits	19,358	-	-	-	(5,557)	13,801
Capital and maintenance projects	509	-	-	-	(73)	436
Accrued donations and legacies	2,324	-	-	-	1,448	3,772
COVID-19	1,200	-	-	-	-	1,200
Strategic ventures	2,000	-	-	-	-	2,000
Total designated funds	28,168	-	(397)	-	(4,259)	23,512
Fixed asset fund:						
Tangible fixed assets	35,573	-	(1,622)	-	1,227	35,178
Investment property	1,930	-	-	(80)	-	1,850
Total fixed asset fund	37,503	-	(1,622)	(80)	1,227	37,028
Other charitable funds:						
Other charitable funds	14,719	27,121	(26,338)	7,146	3,169	25,817
Pension reserve (note 19)	-	-	-	-	-	-
Net other charitable funds	14,719	27,121	(26,338)	7,146	3,169	25,817
Total unrestricted funds	80,390	27,121	(28,357)	7,066	137	86,357
Total funds	81,043	27,476	(28,697)	7,066	-	86,888

20 Funds (continued) 2020	As at 30 September 2019 £'000	Income and endowments £'000	Expenditure £'000	Losses £'000	Transfers/ reallocations £'000	As at 30 September 2020 £'000
Restricted funds:						
Donations	811	670	(526)	-	(302)	653
Unrestricted funds:						
Designated funds:						
Revaluation reserve	204	-	-	-	-	204
Lifecycle costs	2,084	-	(271)	-	760	2,573
Care home deficits	18,970	-	-	-	388	19,358
Capital and maintenance projects	1,739	-	-	-	(1,230)	509
Accrued donations and legacies	2,428	-	-	-	(104)	2,324
COVID-19	-	-	-	-	1,200	1,200
Strategic ventures	-	-	-	-	2,000	2,000
Total designated funds	25,425	-	(271)	-	3,014	28,168
Fixed asset fund:						
Tangible fixed assets	35,424	-	(1,603)	-	1,752	35,573
Investment property	2,030	-	-	-	(100)	1,930
Total fixed asset fund	37,454	-	(1,603)	-	1,652	37,503
Other charitable funds:						
Other charitable funds	21,898	23,900	(24,943)	(1,772)	(4,364)	14,719
Pension reserve (note 19)	-	-	-	-	-	-
Net other charitable funds	21,898	23,900	(24,943)	(1,772)	(4,364)	14,719
Total unrestricted funds	84,777	23,900	(26,817)	(1,772)	302	80,390
Total funds	85,588	24,570	(27,343)	(1,772)	-	81,043



FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS (CONTINUED)

Restricted funds as of year end consists of unspent restricted donations. The Charity received many restricted donations in the year, in particular:

Name of donor	£'000	Purpose
Armed Forces Covenant Fund	35	Restricted for the purpose of Build Your Own Bike Project for ERMAC Members.
Officers Association Scotland	25	Restricted for the purchase of a wheelchair accessible Volkswagen Caddy Van.
Scottish Government Communities Recovery Fund	25	Restricted towards ERMAC Covid-19 Recovery Phase; Return from online to onsite services.
Morrisons Foundation	24	Restricted for Edinburgh Care Home to create a new multi-sensory room for dementia residents, purchase portable
Scottish Veterans Fund	15	Restricted towards the salary of our Transitional Supported Accommodation (TSA)
Scottish Veterans Fund	13	Restricted to fund ERMAC One Stop Shop Financial Inclusion Project (year one funding)
The Prince of Wales's Charitable Fund	8	£5,000 restricted for purchase of PPE and hygiene materials for the Erskine Home, Bishopton Veterans Village and £3,000 unrestricted funding towards general funds.
The AEB Charitable Trust	5	Restricted for the purchase of PPE and hygiene materials for Edinburgh Care Home.
Glasgow City Council Area Partnerships	4	Restricted towards the purchase of outdoor equipment for residents at Glasgow Care Home
Neighbourly Community Fund	0.4	Running costs of ERMAC

The Charity also received unrestricted donations of £150k from the ABF Soldiers' Charity towards the cost of caring for Army veterans and £50k from the Royal Navy and Royal Marines Charity and Greenwich Hospital towards the cost of caring for Royal Navy and Royal Marine veterans within the Erskine Home.

20 Funds (continued)

Designated funds consist of:

Tangible fixed assets, investment property and revaluation reserve

The Charity received restricted funds for the tangible fixed assets and investment property. As the restrictions to acquire the assets have been met and there are no on-going restrictions, these funds, including the revaluation reserve, have been included in designated funds having been invested in fixed assets and therefore not available for other purposes. Transfers are made annually to ensure the closing balance agrees to the year end tangible assets and investment property values. In the prior year, the decision was taken to highlight the tangible fixed assets and investment property within a separate "fixed asset fund". The tangible fixed asset fund represents the net book value of fixed assets that have been set aside. The fixed asset fund demonstrates that these assets are illiquid and are not available as free reserves.

Lifecycle costs

During the prior year a full conditions report on our buildings covering fabric, mechanical and electrical systems was undertaken by an external surveyor. In 20/21, £397k of expenditure was incurred, and an additional £3k was transferred to the fund to cover the additional costs estimated to be required in respect of lifecycle maintenance to maintain the integrity of our buildings. As at 30 September 2021 £2,179k was still to be incurred.

Care home deficits

The Trustees have set aside designated funds for net cash flow for the anticipated care home deficit over the period of a median resident stay, currently 1.4 years, as a guarantee of high quality nursing care and services provision during that period.

Capital and maintenance projects

The Trustees set aside £509k in the previous years to be used in capital and maintenance projects. In 20/21 £73k (19/20: £1,230k) of capital expenditure was incurred and transferred from the fund, resulting in a year end balance of £436k.

Accrued donations and legacies

In accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)", the Charity is required to recognise income when it is probable that the income will be received and all recognition criteria are met. £3,772k of legacies and donations have been accrued at 30 September 2021. This amount has been designated until the cash is received and available for use by the Charity.

COVID-19

The Trustees have set aside £1,200k representing the potential losses arising due to incremental expenditures and lost revenues driven by the effects of the COVID-19 pandemic.

Strategic ventures

The Trustees have set aside £2,000k to provide funding for the development of new programmes in pursuit of the Charity's vision and mission.



FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS (CONTINUED)

20 Funds (continued)

Analysis of net assets among funds:	Fixed assets £'000	Other net assets £'000	Total 2021 £'000	Fixed assets £'000	Other net assets £'000	Total 2020 £'000
Restricted funds:						
Donations	-	531	531	-	653	653
Unrestricted funds:						
Designated funds	19,740	3,772	23,512	25,844	2,324	28,168
Fixed asset fund	37,028	-	37,028	37,503	-	37,503
Other charitable funds	26,272	(455)	25,817	14,104	615	14,719
	83,040	3,317	86,357	77,451	2,939	80,390
	83,040	3,848	86,888	77,451	3,592	81,043

21 Reconciliation of net expenditure to net cash used in operating activities

	20/21 £'000	19/20 £'000
Net expenditure for the year prior to reported gains/(losses)	(1,221)	(2,773)
Depreciation and impairment	1,622	1,603
Gain on sale of tangible fixed assets	(67)	(5)
(Increase)/decrease in debtors	(1,612)	223
Increase/(decrease) in creditors and provisions	55	(162)
Dividends received	(845)	(1,092)
Interest received	-	(5)
Net cash used in operating activities	(2,068)	(2,211)

22 Analysis of net debt

	At 1 October 2020 £'000	Cash flows £'000	At 30 September 2021 £'000
Cash and cash equivalents	2,727	(1,301)	1,426

23 Related party transactions

During the year the Charity entered into the following transactions in the ordinary course of its activities, with related parties.

	Transactions with related party £'000	Amounts owed to related party £'000	Amounts due from related party £'000
Related party			
Erskine Developments Limited			
2020/2021	-	-	-
2019/2020	-	(17)	24

No payments were made to Erskine Developments Limited in the year.

During the year the net amount due from Erskine Developments Limited was provided for in full.

The amounts outstanding at the Balance Sheet date are unsecured for cash settlement in accordance with the usual terms.

FINANCIAL STATEMENTS

NOTES TO THE ACCOUNTS (CONTINUED)

24 Operating leases

At 30 September 2021 the charitable company had commitments under non-cancellable operating leases as set out below:

	2021 Other £'000	2020 Other £'000
Not later than one year	15	15
Later than one year and not later than five years	31	46
	46	61

Lease payments of £15,371 (19/20 - £10,991) are included in the Statement of Financial Activities.

25 Capital commitments

There are no capital commitments as of the year end (as of 30 September 2020: £510k).

26 Members' rights in respect of a winding up of the company

Under the Articles of Association, the company is limited by guarantee and has no share capital. In the event of a winding up of the company each member's liability is restricted to £1.





ERSKINE

Caring for Veterans since 1916



The Erskine Home

Bishopton, Renfrewshire, PA7 5PU
Tel: 0141 812 1100

Erskine Edinburgh Home

468 Gilmerton Road, Edinburgh, EH17 7SA
Tel: 0131 672 2558

Erskine Park Home

Bishopton, Renfrewshire, PA7 5QA
Tel: 0141 814 4633

Erskine Glasgow Home

200 Dorchester Avenue, Glasgow, G12 0BZ
Tel: 0141 338 6300

Erskine Reid Macewen Activities Centre

Bishopton, Renfrewshire, PA7 5PU
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